

FISCAL NOTE

Bill #: HB0559

Title: Registration decal as evidence of fee payment for vehicles and vessels

Primary Sponsor: Gallus, S

Status: Second Reading - Revised

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

Expenditures:

General Fund

FY 2004

Difference

\$196,344

FY 2005

Difference

\$8,996

Revenue:

General Fund

\$6,336,924

\$3,995,871

State Special Revenue

\$234,213

\$186,762

Net Impact on General Fund Balance:

\$6,140,580

\$3,986,875

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact
<input type="checkbox"/> Included in the Executive Budget
<input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Technical Concerns
<input checked="" type="checkbox"/> Significant Long-Term Impacts
<input checked="" type="checkbox"/> Needs to be included in HB 2 |
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Fiscal Analysis

ASSUMPTIONS:

1. This bill applies to vehicles registered or reregistered on or after January 1, 2004.
2. Beginning January 1, 2004, this bill eliminates the annual registration of watercrafts, snowmobiles, motor cycles and quadricycles, (except ones that have specialty licenses plates), off-highway vehicles, travel trailers and trailers; and replaces the annual registration fee with a one-time permanent registration fee. Under the bill, the permanent registration fee must be paid anew each time there is a transfer of ownership in the vehicle.
3. The bill also increases the registration fee on light vehicles under 2,850 pounds from \$13.75 to \$17, and increases the registration fee on light vehicles over 2,850 pounds, trucks and buses less than 1 ton from \$18.75 to \$24, beginning in calendar year 2005.
4. Under current law, the fees in lieu of taxes are based on one or a combination of the following criteria: age, weight, or size. Under this bill, the fee in lieu of tax becomes a one time flat fee for each vehicle. During the first year, the amount of the one time flat fee is as follows:
 - \$25 for watercraft under 16 feet;
 - \$55 for watercraft less than 19 feet and at least 16 feet;
 - \$140 for watercraft 19 feet or greater;
 - \$20 for snowmobiles, off-highway vehicles, and motorcycles and quadricycles.
 - \$25 for a trailer, pole trailer, or semitrailer with a declared weight less than 6,000 pounds; and
 - \$65 for a trailer, pole trailer, or semitrailer with a declared weight over 6,000 pounds.

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5. The one time flat fee increases in the second year and stays at the following amount every year thereafter:
 - \$50 for watercraft under 16 feet;
 - \$110 for watercraft less than 19 feet and at least 16 feet;
 - \$280 for watercraft 19 feet or longer;
 - \$40 for snowmobiles, off-highway vehicles, and motorcycles and quadricycles;
 - \$50 for a trailer, pole trailer, or semitrailer with a declared weight less than 6,000 pounds; and
 - \$110 for a trailer, pole trailer, or semitrailer with a declared weight over 6,000 pounds.
6. Under this bill, whenever a transfer of ownership of watercrafts, snowmobiles, motorcycles and quadricycles (except those specialty licenses plates), off-highway vehicles, travel trailers, and trailers occurs, the new owner shall pay the one-time registration fee and the one-time fee in lieu of tax.
7. This bill eliminates the registration fee and fee in lieu of tax on campers, motorized canoes, and motorized rubber rafts.
8. The net revenue impacts to the state general fund due to the changes outlined in assumptions 1 through 7 is an increase of \$6,102,711 fiscal 2004 and \$3,809,689 in fiscal 2005.
9. Section 42, subsection (4) requires a one-time fee of \$1.25 for trailers permanently registered pursuant to 61-3-530. The \$1.25 fee is deposited in state general fund, with an amount equal to the total revenue generated by the \$1.25 transferred to the highway patrol retirement account starting in fiscal year 2004.
10. The net transfer payment to the Highway Patrol Retirement Fund will increase by \$234,213 in fiscal 2004 and \$186,762 in fiscal 2005.
11. The impacts are calculated using the calendar year 2001 motor vehicle database as the base year

HB559 Net Impact to Revenues into the State General Fund				
	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>
Registration - Lt Vehicle	0	1,983,474	3,201,731	3,279,822
Registration - Non - Lt Vehicle	722,862	(1,011,672)	(2,320,736)	(2,376,437)
RV Fee	145,480	154,966	111,607	114,283
FILTs	5,234,369	2,682,921	(695,214)	(711,890)
Total General Fund Revenue	6,102,711	3,809,689	297,387	305,779
HB559 Impact to Revenues into the State Special Revenue Accounts				
HP Retirement SSRA	234,213	186,762	78,459	80,342
Total SSRA Revenue	234,213	186,762	78,459	80,342
HB559 Net Impact to Transfers Out of the State General Fund				
	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>
FWP SSRA	0	0	71,961	41,674
Senior Citizens Transportation	0	0	(14,866)	(8,014)
HP Retirement SSRA	0	0	(13,753)	(89,312)
Junk Vehicle SSRA	0	0	(55,011)	(56,124)
Noxious Weed SSRA	0	0	(82,517)	(83,991)
Motorcycle Safety Fee SSRA	0	0	0	42,442
Total Transfers	0	0	(94,185)	(153,326)
HB559 Net Impact to the State General Fund				
	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>
Total General Fund Revenue	6,102,711	3,809,689	297,387	305,779
Total Transfers	0	0	(94,185)	(153,326)
Net Change to General Fund	6,102,711	3,809,689	391,572	459,105

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Justice

12. HB 559 reduces the number of registration decals to one month and one year expiration registration decal for motor vehicles and one registration decal for boats and snowmobiles effective 1/1/2004.
13. This fiscal impact is included in the Executive Budget in DP8002, which has been adopted by the subcommittee.
14. Department of Revenue will provide the revenue and fund distribution impact analysis based upon the motor vehicle database provided by the Department of Justice.
15. It is assumed that the current rate of new titling transactions for boats, snowmobiles, motorcycles and quads, trailers, and travel trailers will remain constant.
16. Back taxes and fees for boats, snowmobiles, motorcycles and quads, trailers, and travel trailers that are permanently registered are removed.
17. Operating expenditures would be reduced by \$152,457 in FY 2004 and \$177,186 in FY 2005 due to a reduction in the quantity of material required for the production of the decals. (2,027,350 decals x \$0.0752/decal in FY 2004 and 2,079,644 decals x \$0.0852/decal in FY 2005)
18. Administrative expenses will increase \$42,900 for programming and \$71,688 for a total of \$114,588 in FY 2004 for computer processing time to change the motor vehicle title and registration system to update the fee code tables, allow permanent registrations until change in ownership for all recreational vehicles, remove the fees and registration processes for truck campers and back taxes for all recreational vehicles, retain the duplicate decal fees for these vehicles, and remove the fees for the highway patrol fund for the motorcycles, quadricycles, and permanent registration transactions.

FISCAL IMPACT:

Expenditures:

	FY 2004 Difference	FY 2005 Difference
Operating Expenses	(\$37,869)	(\$177,186)
Transfers	\$234,213	\$186,182

Funding of Expenditures:

General Fund (01)	\$196,344	\$8,996
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Revenues:

General Fund (01)	\$6,336,924	\$3,995,871
State Special (02) HP Retirement	\$234,213	\$186,762

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	\$6,140,580	\$3,986,875
State Special (02) HP Retirement	\$234,213	\$186,762

LONG-RANGE IMPACTS:

The general fund will see a net increase in revenue of \$391,572 in fiscal year 2006 and \$459,105 in fiscal year 2007 due to the increased registration fee paid on light cars and trucks. The amount of funds transferred to Junk Vehicle, Noxious Weed, Senior Citizens Transport and HP Retirement accounts will decline in fiscal years 2006 and 2007 as vehicles that are permanently registered are taken out of the vehicle counts in calendar years 2004 and 2005. The Highway Patrol Retirement account will see a net increase in fiscal year 2006 of \$64,706 and a net increase in 2007 of \$12,053, due to the one-time \$1.25 fee collected on trailers and deposited into the retirement account.